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# Republican Policy Committee

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## Daschle Bill Amounts to More Money, Less Work

### **Welfare Reform: Dole Bill Focuses on Work**

Virtually no one disagrees that current jobs programs designed to get welfare recipients off welfare and into the workplace have failed miserably. Why? According to a recent report of the General Accounting Office, these "work" programs, oddly enough, do not stress work.

S. 1120, the Work Opportunity Act of 1995, introduced by Senators Dole and Packwood, changes that. S. 1120 doesn't create a new government employment program (there are already 163), doesn't give a failed jobs program a new name, and doesn't throw more money at so-called "welfare-to-work" programs that, in the GAO's words, "do not have a strong employment focus."

The Dole/Packwood bill takes a novel, but simple, approach to the welfare-to-work problem. It gets individual states to focus on work, and holds them accountable if they do not produce results; it gets local welfare administrators and caseworkers to focus on getting their caseload off welfare and into the workforce; and most importantly, it gets able-bodied welfare recipients to focus on work to support themselves and their families.

By contrast, the Daschle bill (S. 1117), fails to get anyone to focus on work. Rather than reforming welfare, the Daschle bill further entrenches the current system's entitlement status and actually increases its funding. For every one of its supposed "tough work" requirements, the Daschle provides ample exemptions. In response to states that are demanding greater flexibility, the Daschle bill offers them the status quo.

### **Getting the States to Focus on Real Work**

The Dole/Packwood bill is a partnership with the states. Instead of imposing more federal regulations that only result in new names for failed programs, S. 1120 simply tells the states that: "We will get out of your way — you get results." In the past, states have had to administer their welfare programs Washington's way. If they wanted to innovate, to try something that worked for them, they had to ask Washington bureaucrats for permission to do so, and then wait years for an answer. In the past, states were given a one-size-fits-all,

"welfare-to-work" program that was a confusing maze of exemptions, quotas, and pointless paperwork that focused more on increasing agency busywork, than on getting people into the workforce and self-sufficient. S. 1120 leaves the failures of the past in the past.

**S. 1120 allows states to focus on work, not paperwork, by:**

- **Repealing the failed 1988 Jobs Opportunities and Basic Skills (JOBS) program, which places emphasis on exempting people from work. S. 1120 simply requires welfare recipients to work.**

*The Daschle bill* keeps AFDC and many provisions of the failed JOBS program as a federal entitlement, gives it a new name, the "Work First Employment Block Grant," puts its budget on auto-pilot, and tells states how they must spend their funds — all failures of the past given new life under the Daschle plan. According to CBO, the Daschle bill will increase federal welfare spending at least \$50 billion more over seven years than the Dole plan.

- **Rewarding states for reducing their welfare caseloads and penalizing those states that do not meet the bill's minimum work participation rates.**

*The Daschle bill*, according to press releases, also has tough work requirements, but his bill states otherwise. Under the Daschle bill states don't have to worry about reducing their caseloads, or facing possible penalties, because the bill keeps welfare as a federal cash entitlement that individuals have a legal right to, regardless of their work performance. Moreover, the Daschle bill explicitly avoids imposing penalties on states that fail to meet the work participation rates. For the first year in which a state fails to achieve its work performance rate, it receives "recommendations for changes" from the Department of Health and Human Services (HHS), not a penalty; for two years of failure, the state receives more "recommendations" from HHS, and may receive a percentage reduction in "administrative expenses," but this is left entirely to the discretion of HHS.

- **Using private accounting firms to measure the success or failure of a state's efforts to reduce welfare dependency.**

*The Daschle bill* has no such provision: HHS will continue to inundate state agencies with regulations that don't produce jobs and don't measure success.

- **Defining and requiring "real work."**

*The Daschle bill* establishes ambitious work participation rates, which upon further reading, are rendered meaningless by numerous exceptions, loopholes, and subjective interpretations by HHS. Specifically, the Daschle bill calls for a 50-percent work participation rate in the year 2000, but among its

many loopholes allows states to count as "participating": 1) individuals under age 19 who are in school (this population is "double counted" by counting them first as "participating," and second by excluding them from the overall welfare population for purposes of calculating a state's participation rate); 2) individuals who are engaged in workfare or community service and reside in an area with an unemployment rate exceeding 7.5 percent (the bill, however, does not require a minimum number of hours for workfare or community service); and, 3) for 12 months, regardless of fiscal year, individuals who have gotten jobs and left a state's welfare caseload. (The Dole bill allows former welfare recipients to be counted for only six months after leaving the rolls, thus preventing states from artificially inflating their participation numbers.)

- **Ending the federal entitlement to welfare dollars that subsidize programs that fail to get people in work and off welfare.**

*The Daschle bill* not only keeps welfare as an entitlement, but expands the range of benefits that qualify as legal entitlements. Rather than discouraging welfare as a way of life, the Daschle bill spreads the federal welfare net wider, hampering state efforts to stress work over welfare. There is no requirement that able-bodied welfare recipients begin working for their benefits within two years and, despite all the tough-sounding rhetoric, the Daschle bill contains no lifetime limit on receiving welfare. After five years, able-bodied recipients can continue receiving cash benefits if: they begin working at least 20 hours per week (subsidized or unsubsidized); they reside in an area with an unemployment rate in excess of 7.5 percent; they are under the age of 18 (or 19 at state option); or they have a child under one year of age (or six months at state option). If after five years, an able-bodied welfare recipient refuses to work, but does not meet any of the Daschle bill's ample exemptions — he or she can still receive welfare benefits indefinitely. The Daschle bill creates a new "five-years, then-must-switch-welfare-programs" requirement. After five years of refusing to work for their cash benefits, noncompliant welfare recipients are required only to switch from the Daschle bill's AFDC-style cash benefits to a new Food Stamps-style voucher system that pays for shelter, goods, and services used by children in the welfare household.

- **Letting states decide how their welfare dollars can best be spent.**

*The Daschle bill* flatly ignores pleas from the nation's governors and state welfare officials to give them more flexibility in designing their welfare programs. Instead of allowing states to decide what works best for them, the Daschle bill gives states a detailed list of programs they are permitted to implement and prohibits them from transferring welfare funds among integrally related welfare programs.

## Getting the Welfare Bureaucracy to Focus on Real Work

The first step towards getting welfare-to-work programs to promote a strong employment message is to pass a welfare reform bill that makes real work a requirement, not an option. The second step is to provide state and local welfare agencies with badly needed regulatory relief and program flexibility. The third step is to ensure that agencies provide welfare recipients with more than just a monthly check. Under S. 1120, agencies must verify that able-bodied recipients are working. If they refuse to work, the agency cannot provide them with benefits; if they work fewer hours than the state requires, the agency must reduce their benefits.

### **S. 1120 will get welfare agencies to focus on finding people jobs by:**

- **Keeping Washington bureaucrats out of the way of progress.** S. 1120 delivers welfare dollars to the states directly from the Treasury, and reduces the federal welfare bureaucracy by 30 percent.

*The Daschle bill* guarantees that the federal welfare bureaucracy will continue to grow as fast as the welfare population it so woefully underserves.

Likewise, states will have to continue hiring their own welfare bureaucrats, whose only job is to work with their bureaucratic counterparts in Washington, instead of finding work for people who really need it. Innovative states will have to continue petitioning Washington for permission to try new reforms.

- **Repealing hundreds of federal welfare rules and regulations that only create jobs for more bureaucrats.**

*The Daschle bill* keeps most current regulations, modifies a few others, and adds many more. Every aspect of a state's reform efforts remains open to second guessing from Washington bureaucrats, e.g., who is required to work and who is exempt, who and how much a state can penalize for not working, and which programs may or may not be funded. Under the Daschle bill, the only innovation will be in administrative bookkeeping, with the focus on Washington, not on work.

- **Requiring welfare agencies to reduce benefits to individuals who refuse to work, or do not work at least 20 hours per week.**

*The Daschle bill*, by maintaining the entitlement status of welfare, all but guarantees that state sanctions on individuals who refuse to work will never be enforced. The courts have ruled (e.g., *Goldberg v. Kelly*) that once a legal entitlement is granted by Congress, states cannot set limitations on it. By preserving and expanding the entitlement status of welfare, the Daschle bill guarantees that states will continue to face countless court challenges to their welfare reform efforts.

- **Putting states on notice that continued failure to reduce welfare dependence will not be financed by the federal government.** S. 1120 caps federal funding for welfare; any increases in current spending will have to be shouldered by the states.

*The Daschle bill* does not cap its entitlement. Instead, it perpetuates the same open-ended guarantee to cash that has produced a culture of dependence that is bankrupting the nation and destroying the family.

- **Prohibiting welfare agencies from making creative use of "hardship" and other exemptions from work requirements.**

*The Daschle bill* contains a generous number of exemptions which, like present-law exemptions, will be susceptible to the same abuses the GAO has documented with respect to the current AFDC and JOBS programs.

## **Getting Welfare Recipients to Focus on Work, Not Dependence**

S. 1120 is based on the conviction that welfare should not be a way of life. The bill sends two clear messages to welfare recipients: 1) Unless you are disabled, you have to work for your benefits; and 2) If you are able-bodied, lifetime dependence on welfare is not an option.

**The bill drives this message home that welfare should not be a way of life by:**

- **Requiring welfare recipients to work as soon as the state determines they are "work ready," or within two years, whichever is earlier.**

*The Daschle bill* does in fact have a "work ready" provision, but with ample exceptions. The "two-years-then-must-work" provision is featured prominently in press releases, but is legislated into the realm of fiction by the language in the Daschle bill. In fact, the Daschle bill does not even require welfare recipients to begin working after five years of receiving cash assistance. The bill's abundance of exemptions do little to encourage individuals to move towards self-sufficiency.

- **Imposing a five-year lifetime limit on receiving welfare benefits.**

*The Daschle bill* requires able-bodied welfare recipients, after five years of refusing to work, to exchange their AFDC cash benefits for vouchers — even if they still refuse to work. In many ways, the Daschle bill would further perpetuate the cycle of despair and dependence that is the hallmark of the current system. For example, by exempting from the five-year lifetime limit, individuals who live in areas with an unemployment rate over 7.5 percent, the bill encourages those on welfare to remain in (or relocate to) economically

depressed areas. In effect, the Daschle bill replaces the old adage of "Go where the jobs are" with somewhat less optimistic advice, of "Go where the jobs aren't" so that they may continue to receive welfare indefinitely.

- **Replacing current loopholes that allow able-bodied welfare recipients to avoid real work or to avoid even looking for work.** Under S. 1120, individuals whom the state determines to be ready to work will have to be either working, in job-training, or actively searching for a job (with a five-week limit on job search); otherwise, they will not be receiving welfare benefits.

*The Daschle bill* expends a lot of effort not eliminating loopholes, but renaming them.

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